



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

January 13, 2010

H.R. 3276 **American Medical Isotopes Production Act of 2009**

*As ordered reported by the Senate Committee on Energy and Natural Resources
on December 16, 2009*

SUMMARY

H.R. 3276 would authorize funding to support projects to produce molybdenum-99, a radioactive isotope used in certain medical procedures. Assuming appropriation of the authorized amounts, CBO estimates that implementing the act would cost \$165 million over the 2010-2015 period. CBO also estimates that enacting H.R. 3276 would have a negligible net impact on direct spending for any given year. The act would not affect revenues.

H.R. 3276 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3276 is shown in the following table. The costs of this legislation fall within budget function 270 (energy).

	By Fiscal Year, in Millions of Dollars						2010-2015
	2010	2011	2012	2013	2014	2015	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
Estimated Authorization Level	165	0	0	0	0	0	165
Estimated Outlays	12	25	30	30	33	35	165

BASIS OF ESTIMATE

H.R. 3276 would authorize the appropriation of \$163 million to support projects to produce molybdenum-99, a radioactive isotope produced from uranium, for use in certain medical procedures. In addition to direct financial support for those projects, the act would direct the Secretary of Energy to make low-enriched uranium (LEU) available through lease contracts to producers of molybdenum-99. Such lease contracts would provide for the Secretary to retain financial responsibility for radioactive waste generated by the irradiation, processing, or purification of LEU.

CBO estimates that providing funding for proposed projects, completing related studies and reports, and managing radioactive waste resulting from leases of LEU would cost \$165 million over the 2010-2015 period. We also estimate that leasing LEU would have a negligible net impact on direct spending.

Spending Subject to Appropriation

CBO estimates that implementing H.R. 3276 would require appropriations totaling \$165 million over the 2010-2015 period. That amount includes \$163 million specifically authorized to support projects to produce molybdenum-99 and \$2 million for related studies, reports, and regulatory activities. Assuming appropriation of those amounts, CBO estimates that spending would total \$165 million over the 2010-2015 period. That estimate is based on information from the Department of Energy (DOE) about the types of molybdenum-99 projects that might be supported under H.R. 3276 and takes into account historical spending patterns for similar activities.

Under H.R. 3276, the federal government would be responsible for disposing of radioactive waste generated by molybdenum-99 producers who lease LEU from DOE. Because the act would prohibit DOE from using certain existing barter authorities to obtain waste-disposal services in exchange for commercially valuable uranium owned by DOE, CBO believes that any spending to dispose of waste generated under such leases would be subject to the availability of appropriated funds. Based on information from DOE about the relatively small volume of LEU the agency anticipates would be leased under H.R. 3276, CBO expects that resulting quantities of waste would be small. While such costs would be incurred over many years and may reach significant levels over time, CBO estimates that increased costs over the 2010-2015 period would not exceed \$500,000 in any year.

Direct Spending

H.R. 3276 would direct the Secretary to lease LEU to producers of molybdenum-99. Under current law, CBO estimates that sales of the material that would be leased under the act would otherwise generate offsetting receipts totaling about \$1 million annually. Because H.R. 3276 would require that lessees pay fees equivalent to the prevailing market rates for the sale of comparable uranium products, CBO estimates that any differences in receipts generated under the act would be negligible in any given year.

The act also would require the Secretary to charge lessees a fee to offset the net present value of DOE's anticipated costs to dispose of radioactive waste generated from leased LEU. As discussed above (under "spending subject to appropriation"), CBO expects that such costs would be small and estimates that resulting fees would not exceed \$500,000 in any year.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3276 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On October 27, 2009, CBO transmitted a cost estimate for H.R. 3276 as ordered reported by the House Committee on Energy and Commerce on October 21, 2009. The two versions of the legislation are similar, and our estimates of spending over the 2010-2014 period are the same. This estimate of H.R. 3276 as ordered reported by the Senate Committee on Energy and Natural Resources includes anticipated spending in 2015.

ESTIMATE PREPARED BY:

Federal Costs: Megan Carroll and Kathleen Gramp
Impact on State, Local, and Tribal Governments: Ryan Miller
Impact on the Private Sector: Sam Wice and Amy Petz

ESTIMATE APPROVED BY:

Theresa Gullo
Deputy Assistant Director for Budget Analysis